ALASKA ECONOMIC TRENDS

ALASKA'S TIMBER INDUSTRY

June 1991

ALASKA'S TIMBER INDUSTRY FACES AN UNCERTAIN FUTURE

TIMBER'S NEWEST PLAYER — SOUTHCENTRAL ALASKA

ALASKA LOGGERS FACE HIGH RISK OF INJURY

1990 CENSUS DATA AVAILABLE

INDUSTRIES SHOWED GAIN IN MARCH

ALASKA DEPARTMENT OF LABOR

WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC
TRENDS

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Cover design by Jim Fowler

Alaska's Timber Industry Faces An Uncertain Future

by Brian N. Rae

Two years ago, times were good for Alaska's loggers. Jobs

were plentiful, and wages for an experienced logger were as high as they had ever been. The number of logging jobs had grown by more than 80% from 1984 to 1989. (See Figure 1 and Table 1.) The demand for loggers was so high that employers went out of their way to keep them around.

Employers were not hurting either. Prices for their products financed expansion and kept their operations profitable. The market allowed harvest and production levels to nearly double from 1984 to 1989. From 1985 to 1989 the value of production more than tripled. (See Table 2.)

The rapid expansion of the industry points out one thing — the Alaskan timber industry is volatile. As quickly and as easily as the market went up, it could come back down. The forces which buoyed the markets in the late 1980s were beyond the control of any of the players in Southeast. These companies did nothing to cause the bull market, and will have little ability to influence a bear market.

Any assessment of the future health of Alaska's timber industry is linked to the timber market, especially the international market. The courts have yet to decide on several lawsuits affecting the industry, while the U.S. Forest Service must decide the meaning of recent regulatory changes. The supply of raw materials, and the market for finished products are the critical factors which affect the future of the industry. Most recent changes affect either the supply of or the demand for Alaska's timber products. For example, legislated land management changes decreased the supply of timber, while a more valuable U.S. dollar would decrease demand for Alaska's products. This article will try to analyze the more important factors affecting the timber industry.

Alaska's Timber Supply Dwindles

Alaska's timber resources are both publically-owned and privately-owned. The U.S. Forest Service manages a large percentage of the marketable timber in the state. Most of the timber is in the Tongass National Forest in Southeast Alaska. While some harvestable timber exists on other federal lands in the state, such as the

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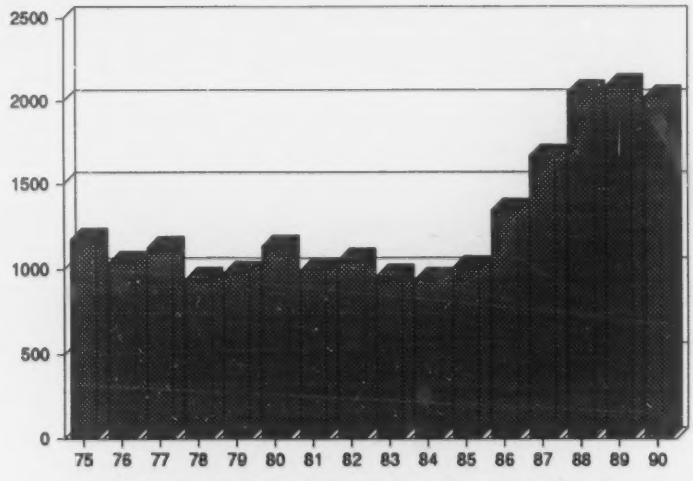
Figure • 1

Southeast Logging Employment



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 1

International Exports of Alaskan Forest Products
Federal Fiscal Years 1981-1990

Product/Units 1/	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Softwood Logs										
Volume (MMBF)	130.1	197.5	292.6	237.6	258.6	340.3	436.1	482.2	629.6	606.6
Value ($ millions)	68.4	95.4	128.3	97.1	99.6	137.9	179.6	261.6	310.3	350.9
Unit Value ($/MBF)	526	483	439	408	385	405	412	543	493	578
Lumber & Cants										
Volume (MMBF)	202.5	178.6	136.0	113.3	122.0	93.5	121.0	152.5	182.3	225.5
Value ($ millions)	60.3	62.5	45.5	32.2	32.5	24.7	33.9	52.1	71.0	85.3
Unit Value ($/MBF)	298	350	334	284	266	264	280	342	389	378
Woodchips										
Volume (Mton)	60.5	84.8	19.0	10.5	4.5	0.0	0.0	10.4	77.9	18.2
Value ($ millions)	5.5	6.4	1.3	0.3	0.4	0.0	0.0	0.6	3.6	1.4
Unit Value ($/ton)	90	75	66	32	98	0	0	54	46	78
Woodpulp										
Volume (Mton)	252.9	211.0	188.5	249.2	166.5	203.8	232.0	260.4	296.9	252.7
Value ($ millions)	135.7	113.3	94.8	127.3	72.0	85.4	113.9	160.4	227.7	185.4
Unit Value ($/ton)	537.0	601	503	510	433	419	492	616	767	728
TOTAL VALUE ($ millions)	269.9	277.6	269.9	256.9	204.5	248.0	327.4	474.7	612.7	622.9

1/ Volumes reported in millions of board feet (MMBF) or thousands of metric tons (Mton). Values are free along ship (FAS) in millions of nominal dollars. Unit values are dollars per thousand board feet ($/MBF) or dollars per metric ton ($/ton).

Source: U.S.D.A. Forest Service, compiled from official statistics of the U.S. Department of Commerce, preliminary estimates for 1990.

Chugach National Forest, harvests from these areas have been small. The state and local governments own some property with harvestable timber, but they have been minor players in this industry to date. Private individuals and corporations own most of the remaining timber base, with the majority owned by Alaska Native regional and village corporations.

Management of the private (Native) timber differs from that of the U.S. Forest Service (Tongass) holdings. In Southeast Alaska, the government conveyed over 600,000 acres of land to Native village corporations and the Sealaska regional corporation under the Alaska Native Claims Settlement Act. The corporations needed cash to help finance their corporate undertakings. Each began selling and harvesting the timber resources from their approximately 23,000 acre conveyance. Unlike the Tongass harvests, which provide a long-term sustained yield (more on this later), the need for cash led village corporations to more quickly harvest their timber.

At first, timber harvests on Native-owned lands started slowly. (See Figure 2.) Harvests on these lands soon outpaced that from the national forests. The harvest rate made it clear that supplies of Native timber in Southeast would run out by the mid-1990s. It is difficult to pinpoint the exact amount of marketable timber conveyed to the Native corporations, or even how much remains. The marketable timber changes as prices fluctuate; higher prices turn marginal stands of timber into viable harvest areas. The good market for lumber in the late 1980s helped increase the quantity of marketable timber in Southeast. Still, the Native village corporations will have harvested most of their timber by the middle of the decade if current harvest rates continue.

There are significant tracts of uncut timber on the regional corporation's land. Sealaska's marketable timber might last for several years, depending on the rate of harvest and price fluctuations. A report by the Institute for Social and Economic Research at the University of Alaska-Anchorage estimates Sealaska's remaining inventory could last for 12 to 20 years.[1]/ Other Native corpora-

tions outside Southeast also own large tracts of timber land. One company set up by four village corporations, Koncor Forest Products, has holdings from Southeast to the Interior of the state. While areas outside of Southeast Alaska are just being tapped for harvest, village corporations in the Southeast region have harvested most of their timber.

The U.S. Forest Service managed the Tongass National Forest timber harvests much differently. The Forest Service uses a technique known as long-term sustained yield management. Forest managers find the volume of timber available for harvest in the forest, calculate the number of years required for regrowth of the timber after harvesting, and then determine the amount which could be harvested in perpetuity. For example, assume a forest is capable of producing 100 million board feet of timber when fully mature. After cutting, the forest would take 100 years to regrow to marketable size. This forest could have an annual harvest of one million board feet using the long-term sustained yield management technique. After harvesting the last portion of the original forest, the first harvest area would have had 100 years to grow and would then be of marketable size.

The large amount of harvestable timber in the Tongass allows a viable wood products industry to exist using the long-term sustained yield management plan. For that reason, timber supply in the Tongass remained a constant, mandated by law to be as high as 4.5 billion board feet per decade. Timber supply would, in theory, only vary if the size of the timber base changed. That is exactly what happened when the Tongass Timber Reform Act passed in late October, 1990.

The act removed about 1,600 square miles of the forest previously slated for harvest from the timber base. This reduced the sustainable harvest to about 4 billion board feet per decade. Proponents of the reform bill argued that the reduced harvests will not cause any companies now operating in the forest to close. They point out that harvests in weak market years were much lower than the 450 million board feet per year allowed. Others disagree, saying that companies continued to operate during the weak markets so they could take advantage of the strong market years, when they were able to make a profit. If companies are forced to reduce harvest levels during the good market years, their profits will decline. In the end, these companies may not be able to survive.

Revisiting the arguments for and against the Tongass Timber Reform Act provides little insight into the industry's future. The outcome, however, did affect the industry's future. There is now less timber available for the industry to harvest. Long-term sustained yield management is still a part of the plan.

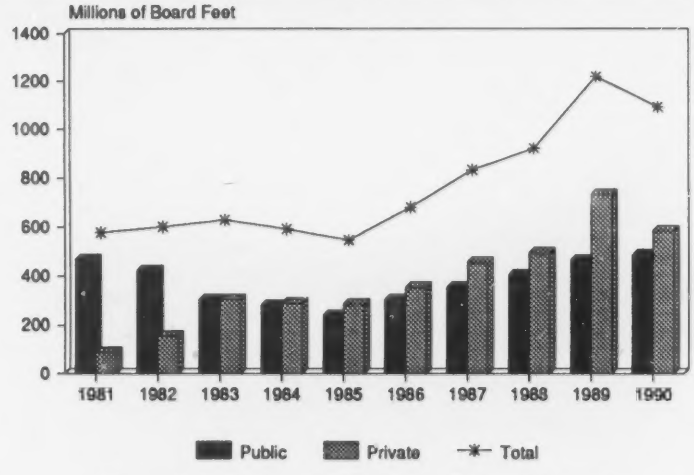
Up to this point, the supply of timber looks like this: privately owned holdings are decreasing rapidly, while Tongass timber harvests will be at a reduced but constant level into the future. Other factors could, however, change this supply scenario.

Timber Supply Could Face Further Reductions

A constant supply of Tongass timber is not a given, even after the Tongass Timber Reform Act. Lawsuits are now working their way through the court system trying to halt timber sales on certain tracts of the forest. These lawsuits point out that subsistence is the primary designated use for national forest lands under the Alaska National Interest Lands Conservation Act (ANILCA). Litigants contend timber harvest areas cannot include areas traditionally used for subsistence hunting or gathering. If these lawsuits succeed, the supply of Tongass timber available for harvest will be further reduced.

Figure • 2

Timber Harvest by Ownership
FFY 1981-1990



Source: Alaska Department of Labor, Research and Analysis Section.

A second factor affects the supply of timber in the Tongass. A provision in the reform act concerns the harvesting of different size classes of trees. In the past, critics have accused the industry of harvesting only the largest and most profitable stands of timber. If this practice continued, near the end of the harvest rotation only marginal timber stands would remain. This would make profitable operations in those areas difficult.

The current act requires that larger classes of timber (the old growth timber) cannot be harvested at a rate greater than their proportion in the overall harvest area Simply put, if 10% of the timber in a harvest area is in old growth trees, then only 10% of the timber harvested can come from those trees. This will help even out the harvest and keep the industry economically viable into the future. This clause might cause less efficient companies to shut down if they are limited in their harvest of this more profitable timber.

The Tongass Timber Reform Act also eliminated the Tongass Timber Supply Fund. The elimination of the $40 million annual appropriation will affect the supply of available timber. Whether this money was a subsidy to the industry, as some contend, or compensation for restrictive harvest regulations, one thing is certain. The Timber Supply Fund lowered the cost of harvesting Tongass timber. Its elimination will both increase costs for a timber company and, at least in weak market times, reduce the amount of marketable timber in the Tongass.

Demand for Alaska's Products Fluctuates

In the midst of all of the timber supply issues, it is easy to forget that Alaska's timber industry exists because there is a demand for Alaskan timber products. Foreign and domestic competition and the currency fluctuations, tariffs and import restrictions associated with international trade are some of the factors that influence demand for Alaskan forest products.

In addition, demand for Alaskan forest products varies according to the product. Some are unique in the world market, while others are quite common. Unique is the old growth, fine grained Sitka spruce and hemlock logs. These are highly prized in Asian markets, and have little direct competition from other areas outside of the Pacific Northwest. This product commands a premium price. At the other end of the spectrum are softwood chips, used in pulp and pressboard products. Alaskan chips have few advantages over other sources throughout the world. For that reason, the price of Alaska chips must be very close to the price of other chips. Falling somewhere in between these two extremes is the dissolving pulp produced by Alaska's two pulp mills.

Alaska's Log and Lumber Export Markets

Japan is the major player in the market for lumber and logs. In federal fiscal year 1989 (from October 1, 1988 through September 30, 1989) 81% of the value of Alaska's log exports and 99% of the value of lumber exports went to Japan. An analysis of Japan's demand nearly covers the total demand for Alaska timber products.

Demand is lower today than it was last year. Japanese buyers began stockpiling product during the spotted owl controversy in Washington and Oregon. Japanese manufacturers and builders now are depleting this stockpile. Market analysts project prices will stabilize towards the end of this

Table • 2

Yen/Dollar Exchange Rates 1/

	Yen/ $ U.S.	Percentage Change
1986	162.13	
1987	128.25	-20.9%
1988	123.63	-3.6%
1989	143.62	16.2%
1990	133.72	-6.9%
Jan, 1991	133.65	-0.1%

1/ Rates are the closing averages on the last trading day of the period.

Source: MERI's Monthly Circular, April 1991, Number 736.

year as demand increases. When prices stabilize, however, they may be well below the high prices of 1989.

Good marketing has helped sell the state's timber products, particularly in Asian markets. Certain trends may shrink this market in the future. Wood products are still used ornamentally in construction. Traditionally, wood was also used in building houses. Now many Japanese consumers are more receptive to modern materials for home construction. Marketers are turning to other countries looking for potential buyers. Taiwan, Korea, and China are all potentially major consumers of Alaska timber products.

Unfortunately, Alaskans are not the only ones successfully marketing their timber products. British Columbian, Chilean, New Zealand and Soviet producers are targeting the Asian market. Even other Asian countries, particularly those in Southeast Asia, are looking to sell logs and lumber to their neighbors. Most countries (except Canada) do not have lumber products which can compete directly with Alaska's old growth lumber. Still, all are trying to sway buyers' preferences in their direction.

Markets for Alaska Pulp Seem to Defy Economic Analysis

The forces of supply and demand explain the market for Alaska's logs and lumber. Things are not so clear cut for the dissolving pulp market. During 1990, markets for dissolving pulp weakened. Inventories stacked up to the point which required temporary shutdowns, and prices fell. Paradoxically, the demand for products made from dissolving pulp was strong. Rayon manufacturers, major consumers of dissolving pulp, could not produce enough product to satisfy the market. Prices for rayon were increasing while dissolving pulp prices were falling. There are several reasons why this apparent backwards trend might have occurred.

First, rayon fabric competes with many synthetic petroleum based fabrics. Rayon is, however, expensive and is more of a luxury item than many other less costly fabrics. While it has certain characteristics important to some customers, they easily can substitute other fabrics for rayon. Increasing oil prices pushed up the prices for these substitute fabrics, and rayon price and demand rose in response.

Uncertainty and skepticism cast a shadow over the health of the worldwide economy. Any economic slowdown has a great effect on the consumption of luxury items. While rayon demand and prices were temporarily rising, this occurred during a period of long-term declines in demand. Some analysts think demand should stabilize later in 1991. Dissolving pulp prices should then stop their fall and could even recover some lost ground.

Finally, Alaska wood products contend with currency fluctuations since most are sold on the international market. Using the Japanese yen for comparison, Alaska products are now nearly 18% cheaper than they were in 1986. In 1986, it took 162.13 yen to buy one U.S. dollar. In January 1991, it took only 136.65 yen to buy a dollar. (See Table 2.) If the dollar loses value compared to other currencies, Alaska products become cheaper and demand for them will go up. On the other hand, a strengthening dollar can make other countries' products more competitive.

Supplies of Finished Products Also Influenced by Markets

The strong market of the late 1980s enticed producers to invest in additional facilities. Companies either constructed new or refurbished existing sawmills to better meet the demand for Alaskan lumber. The two pulp mills incorporated new processes to increase their output of dissolving pulp.

As rising prices can cause industry expansion, falling prices can lead to contractions. When competition becomes too great, the least efficient (and usually least profitable) companies back out of the market. This applies not only to Alaska, but world wide.

Modern facilities respond faster to markets by changing the products they produce. For example, some newer pulp mills can produce more dissolving pulp when paper pulp markets are depressed. When the paper pulp market rebounds, these mills can quickly convert back to paper pulp production. Older facilities in Ketchikan and Sitka do not have this flexibility. This handicaps the mills during market downturns.

Given weak markets, their options might be either to operate at low profits or a loss, or shut down entirely.

Pulp Mills Major Producers, But They Cannot Control Markets

The two Alaska pulp mills produced about 28% of the total U.S. volume of dissolving pulp and 6% of world volume in 1989. This makes these two mills major producers, but does not insulate them from market trends.

There is a large amount of unutilized production capacity in Eastern Europe, where many dissolving pulp mills shut down in the 1980s. Some mills change between producing dissolving pulp and a type of pulp used to make paper. The Alaska mills must remain in the dissolving pulp market.

When prices for dissolving pulp are low, competition may decline. This helps push prices up. When prices are high, however, closed or convertible pulp mills can reenter the market for dissolving pulp. This increases competition and lowers prices. The conversion of competing mills to paper pulp production helped Alaska's mills in the past. This trend has now reversed itself as the price of paper pulp has plummeted.

The two Alaska pulp mills are somewhat unique among the state's manufacturers. The mills have little capacity to vary their production — they either produce at a near constant rate or they shut down. This presents a problem for the mills. As dissolving pulp markets softened last year, inventory accumulation forced the Sitka mill to shut down. If demand again dips, either mill might experience a similar problem.

The Tongass Timber Reform Act modified the long-term timber contracts between the U.S. Forest Service and the mills. The two mills need about 315 million board feet of timber per year to operate full time. Unless the mills find alternate sources for raw materials, any amount less than this would force one or both to shut down for some period, depending on the allowed level of harvest. In the long run, the mills need a steady timber supply which permits full operation. If supply falls below this level then one or both mills would have to close. Employment and the supply of dissolving pulp from Alaska would decline accordingly.

Lumber Output Continues to Increase as Facilities Expand

Many companies used the strong market of the late 1980s to expand their operations, predominantly through the construction or expansion of sawmills. This created more jobs for each unit of raw material. The mills allowed for value-added processing within the state, instead of transporting logs out as a raw material.

New technology employed in these mills helps keep them competitive in a changing world market. These sawmills can convert from inch-based to metric-based dimensional lumber, depending on the customers' requirements.

Retrofitting established sawmills throughout Southeast has kept them in business, but the new sawmills at Seward and Ketchikan are somewhat unique. The Ketchikan mill is a computerized, automated mill located next to the pulp mill. All the logs bought by the mill could be turned into pulp. Many of the logs, however, were of sawlog quality. The company could realize higher profits by cutting these logs into lumber. The Ketchikan Pulp Company built the new mill for that purpose – to get the greatest value from smaller saw logs. It is now easy and profitable for the company to segregate the logs it buys. The higher value logs become lumber while the lower value logs become pulp.

The Seward sawmill takes advantage of a nearly untapped source of timber. In addition, its capacity allows for more extensive timber harvests throughout the Southcentral area. Expanded harvests will be necessary for the mill to continue operations. Construction of the mill could, however, mark the first step towards an integrated timber industry in the region. (For more on the Southcentral timber industry, see the article beginning on page 9.)

The trend toward automation in sawmills has a couple of different impacts. First, any additional processing of logs in the state helps create employment. The new mills might take fewer people to operate than the more traditional mills, but their introduction into the state's timber industry helps keep all phases of the industry viable.

Conclusion

There are many different factors at work which will determine the health of the state's timber industry. (See Table 3.) Combining the possible effect only leads to more uncertainty. This is particularly true looking past the immediate future. Trying to guess which particular chain of events will occur is just that — a guess. Some events will have a one time impact, others may have short term effects, but are issues which will recur many times. Still others will have long term impacts on the industry.

Factors Affecting the Timber Industry

Factor	Negative Impacts	Positive Impacts
Timber Supply	Tongass Reform Act Subsistence Lawsuits Declining Native Timber Supplies Timber Buyouts	Expansion into Southcentral Alaska
Supply of Finished Product	Weak Prices May Force Shutdowns High Transportation Costs Decrease Profits	Addition/Expansion of Facilities New Mills React Quickly to Market Demand
Demand for Finished Product	World Market Affects Common Products Prices Currently Falling Consumer Nations 'Stockpiled' Products During Spotted Owl Controversy	Unique Properties of Certain AK Timber Prices Projected to Increase Late 1991 WA & OR Timber Supply Dwindling New Foreign Markets for Timber
Other Impacts	Financing Operations Becoming More Difficult	Shutdowns in WA & OR Increasing Labor Pool Cost of Labor Declining Equipment Costs Down

Source: Alaska Department of Labor, Research and Analysis Section.

In the short run, employment is expected to drop by 8.7% in the timber industry in the next two years. The largest declines should occur in logging, mainly caused by decreased harvests of Native-owned timber. A large portion of the Native-owned timber was exported before it was processed. Declines in Native logging do not necessarily mean a decline in employment in the sawmills and pulp mills.

Employment declines from the highs of the late 1980s do not necessarily mean the industry is in trouble. On the other hand, there are problems the industry must cope with to maintain current employment levels. There are also some positive trends which could more than offset any pressures to downsize the industry.

Supply and demand are the overriding determinants of the health of the industry. Declines in the early 1980s, for example, occurred because of a weak market (a lack of demand). Growth in the late 1980s occurred because of better markets and the harvesting of recently conveyed stands of Native timber (a strong demand and an increased supply).

In the future, demand will continue to fluctuate. Prices for Alaska's timber products will vary, as will companies' profits. Unfortunately, the future timber supply is open to question. If increased harvests in Southcentral and Interior Alaska can offset declines in the supply of Tongass and Southeast Native timber, timber should continue to be a major manufacturing industry in the state. If not, the fate of the industry is less certain, and less optimistic.

1/ *Native Timber Harvest In Southeast Alaska, Institute of Social and Economic Research Draft Report, May 1989.*

Table • 4

Alaska Timber Employment 1975-1990

	1975	1976	1977	1978	1979	1980	1981	1982
Statewide Total	3,375	3,350	3,475	2,925	3,150	3,525	3,300	3,025
Southeast Total	2,075	2,750	2,950	2,500	2,625	2,900	2,650	2,550
Southeast Sawmills	525	525	600	525	650	725	575	550
Southeast Pulp mills	1,200	1,175	1,225	1,025	1,000	1,025	1,075	950
Southeast Logging	1,175	1,050	1,125	950	975	1,125	1,000	1,050

	1983	1984	1985	1986	1987	1988	1989	1990
Statewide Total	2,700	2,325	2,300	2,600	3,050	3,625	3,850	3,900
Southeast Total	2,225	1,900	2,025	2,500	2,950	3,450	3,500	3,450
Southeast Sawmills	400	350	375	325	400	500	475	525
Southeast Pulp Mills	850	600	625	800	875	900	925	900
Southeast Logging	975	950	1,000	1,350	1,675	2,050	2,100	2,025

Numbers may not add due to rounding. Employment rounded to the nearest 25.

Source: Alaska Department of Labor, Research and Analysis Section.

Timber Industry's Newest Player – Southcentral Alaska

by Brian N. Rae

Compared to the Southeast timber industry, the Southcentral timber

industry is a relatively new kid on the block. The Chugach mill, the region's first large-scale capital investment, came on line only last year. While the potential supply of timber is considerable, demand now outpaces the supply of timber on-line for harvest.

To say that the timber industry is new to Southcentral is not totally accurate. Several small sawmills have operated in the area for years. They provided rough-cut lumber to nearby residents, but not as large scale producers. Several years ago, the state proposed entering into a long-term timber sales contract with any company willing to locate a plant in the Mat-Su Borough. While negotiations progressed with a company interested in building a plywood plant in the area. These plans never came to fruition.

Not much changed in the area until Chugach Alaska Corporation began construction of the Seward sawmill. The company has large holdings of timber in Prince William Sound and the Kenai Peninsula, as do many Native village corporations. In the past, most of the timber in the area was sold to Japanese markets as round logs. Very little processing took place in Southcentral Alaska. The increasing costs of processing in other countries, particularly increasing labor costs, and the increased efficiency of newer mills reversed this trend.

The completion of the Seward mill made an alternative to shipping round logs to foreign markets available. More and more, processing facilities ship semi-finished products from Alaska. Additionally, Alaska builders can use locally produced building materials instead of having to import them from other states.

Several issues need to be decided before the industry can prosper in the region. The greatest problem facing the industry in Southcentral is timber supply. With the construction of the Seward mill came the need for a steady supply of logs to feed into it. For the mill and the industry to survive, many of the private land owners will have to harvest their timber. Some people, however, oppose these harvests.

Proposals to buy timber holdings to prevent their harvest are now being studied, such as the Kachemak Bay State Park proposal. The settlement between the state and federal governments and Exxon could also affect supply. Some want to use settlement monies to purchase timber holdings, thereby preventing logging in Prince William Sound. If this occurred, large scale operations such as the Seward mill might not have enough logs to continue production.

To increase the efficiency and profitability of the industry, additional types of facilities need to be located in the region. A single large sawmill cannot efficiently use all types of timber resources. The mill can process larger timber into lumber. Smaller or less perfect timber, however, could be better used in some other product. Waste materials and small timber is now being chipped. Chugach has shipped wood chips to Japan, but a plant producing some type of pressed board could turn these chips into a finished product.

Improvements have occurred in the manufacturing and quality of products such as wafer board, medium density sheathing (MDS board), oriented strand board and plywood. These products have continued to increase their share of the building

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market, and any such mill could put to use the lower value timber or waste products from a sawmill.

The future is uncertain. The continued existence of the Southcentral timber industry is still tenuous. Chugach Alaska recently filed for Chapter 11 bankruptcy. While the Seward mill was not the sole cause of their monetary woes, it was not a money-maker for the company. The mill came on line at the end of a rising market, and the downturn has hurt it. Some have said the mill may be too large to be efficient given the current capitalization in the Southcentral timber industry. They point out, however, that the mill would fit nicely into a complex of several different timber facilities.

Such a system of manufacturing facilities might, however, be more than a way to save the Seward sawmill. The Seward mill should be seen as an initial investment in the industry. Monetary woes aside, its existence might make the area more attractive to others looking for alternative ways to invest in the Southcentral timber industry.

Whether other facilities are built or not reflects on the overall viability of a timber industry in Southcentral. The industry is in an embryonic state. For it to live, additional development will have to occur. Without it, the prospects for an industry which can weather both the highs and lows of the forest products economy are questionable.

Alaska Loggers Face High Risk of Injury

by James Wilson

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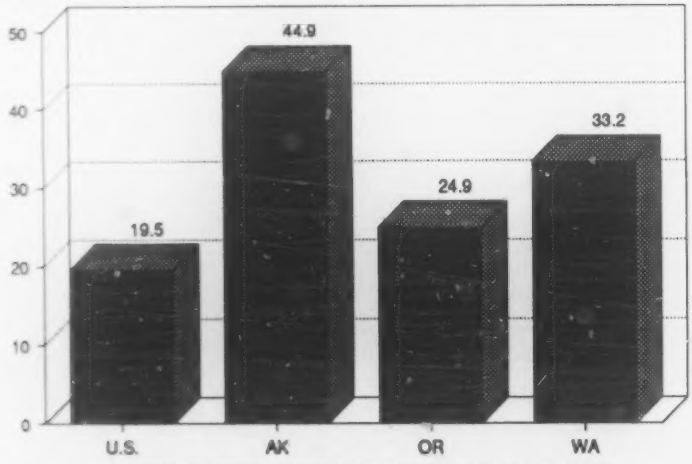
Alaska's wood products industry includes logging, sawmills and planing mills, pulp mills and related products. These forest product businesses account for only 2.5% of statewide private sector employment. 10.5% of all time loss injury and illness cases reported to the Alaska Division of Workers' Compensation, however, are from workers employed in these companies.

Figure • 1

OSHA Case Rates/100 Workers Logging 1989



Source: Alaska Department of Labor, Research and Analysis Section.

Worker safety issues are familiar topics within the wood products industry. Industry employers spend considerable time and money on safety programs. The Alaska Pulp Company recently estimated that it spends about one million dollars annually on safety

programs, resulting in improvements in its safety record. Portions of the forest products industry, however, are among the most hazardous in the state as well as the nation. The incidence rate for Occupational Safety and Health Act (OSHA) recordable injuries and illnesses in Alaska's logging industry during 1989 was 44.9 cases per 100 workers. The private sector average was 12.3.

Traditionally, logging holds the unfortunate distinction as Alaska's highest incidence rate industry. Logging in Alaska is inherently more hazardous than in some other states because of the difficulties created by harsh weather, steep and heavily grown terrain, the large size of trees, and methods which must be used to harvest them. (See Figure 1.)

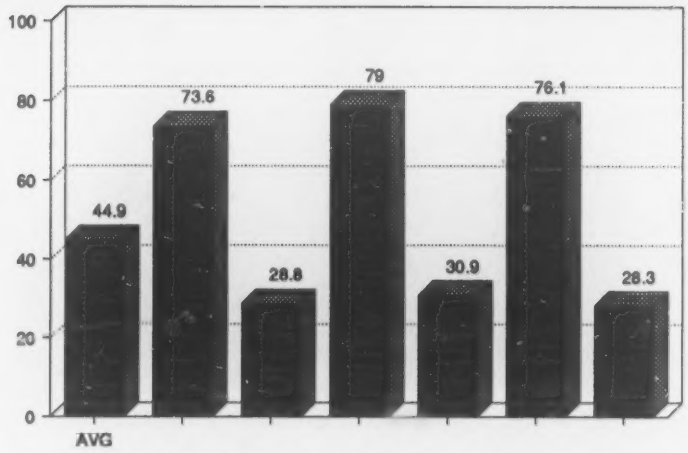
Incidence Rates Vary Widely Among Logging Firms

The logging industry's average incidence rate of 44.9 cases per 100 workers represents a broad spectrum of logging companies. Some of the larger companies reporting data for the 1989 OSHA survey had rates well below the average. (See Figure 2.) A few had rates considerably higher, over 70 cases per 100. The good news for the industry is that the 1989 rate was the lowest recorded in five years.

Preliminary data for 1990 shows annual employment in logging at

Figure • 2

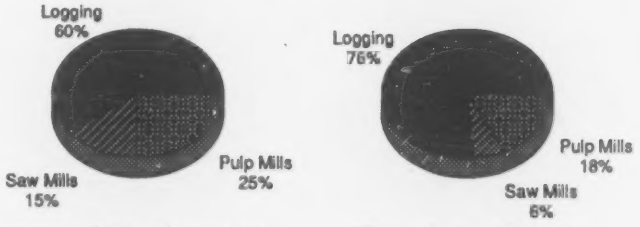
OSHA Case Rates of Injury and Illness in 6 Big Firms in 1989 OSH Survey Logging



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 3

Alaska Wood Products Industries 1989 Employment & TL Cases



Source: Alaska Department of Labor, Research and Analysis Section.

the same level as in 1989 with the number of reported Workers' Compensation time loss cases down 20%. Whether the OSHA recordable case rate will continue to decline remains to be seen. One very noteworthy improvement is that there was only one reported logging injury fatality in 1990, compared to an average of 5 deaths a year for the past few years.

The sawmill & planing mill industry make up the smallest component of Alaska's forest products processors. Annual average employment in 1989 was 564. No published incidence rate of OSHA recordable cases exist in this industry because of its smaller size. The data do reveal, however, that the OSHA case rate is roughly one-half that of logging.

Pulp mill companies are Alaska's largest manufacturers of forest products. The paper and allied products industry annual employment has risen each year since 1982 with a 3% growth rate from 1988 to 1989. The number of reported Workers' Compensation time loss cases was nearly identical in 1988 and 1989 (195 cases). One difficulty in using the time loss cases data for these companies is that it includes their logging activities, which are more hazardous than pulp processing.

Due to confidentiality requirements, the Alaska Department of Labor does not publish an OSHA recordable case rate for Alaska's pulp mill industry. Data from the Pacific Coast Association of Pulp and Paper Manufacturers do contain some good news regarding Alaska's pulp mills. According to this industry source, the Sitka mill ranked 10th best out of 45 west coast mills, and the Ketchikan mill also placed in the top half. The association's 1990 data allows us to compute a pulp mill industry rate for Alaska of 7.4 OSHA recordable cases per 100 workers. This rate falls well below the historic Alaska private industry average; it is lower than the rates for some less hazardous industries such as retail trade.

Conclusion

At first blush, Alaska's forest products industry appears among the most hazardous for Alaskan workers. Closer examination reveals a variety of injury risk ranging from extremely high to very low. The logging industry is the most hazardous place for Alaskans to work; however, that varies dramatically by employer. Alaska's pulp mills are among the safest places for working Alaskans, while sawmills fall in between these two extremes.

1990 Census *Bulletin*

The Alaska State Data Center released population counts by race from the 1990 census in March. The count in Alaska showed that all racial categories gained population in the past decade as the state grew from 401,851 people in 1980 to 550,043 in 1990.

Both White and Native racial groups made up smaller percentages of the total population than they did in 1980. The Asian and Pacific Islander category grew by the largest percentage. The Black population also grew at a faster rate than the state as a whole.

People of Hispanic origin are spread across all the racial groups, but were also tallied separately in the 1990 census. The percentage of Hispanics grew from 2.4% in 1980 to 3.2% in 1990.

The U.S. Census Bureau, the original source of this count, has cautioned that this data could be adjusted later for over- or undercounts no later than July 15, 1991.

Race	1990 Population	1990 Percent	1980 Percent
White	415,492	75.5	77.1
Native American Indian, Eskimo, or Aleut	85,698	15.6	16.0
Black	22,451	4.1	3.4
Asian or Pacific Islander	19,728	3.6	2.0
Other Race	6,674	1.2	1.6
Total Population	550,043	100.0	100.0

Source: Alaska Department of Labor, Research and Analysis Section.

(For more information on the 1990 census, see page 13)

1990 Census Data Available

by Ingrid Zaruba

The Alaska State Data Center (ASDC), located in the Research and Analysis Section of the Department of Labor, is the state's clearinghouse for census information. The ASDC provides census data to users, free of charge, in a variety of formats such as computer tape, diskette, and printed reports. Other formats such as CD-ROM, census reports, maps and tape documentation must be purchased from the Census Bureau.

Computer Tape. The ASDC is providing free copying of census tapes as they are received from the Census Bureau. To order send the ASDC a blank 9 track tape and a written request identifying the census tape name and the geographic areas, if you require less than the state total. The technical documentation is available from the Census Bureau. The fee is $5.00.

CD-ROM: CD-ROM data is available approximately 3-4 weeks after tapes are released. Technical documentation is included on the disc. To order contact the Census Bureau. The fee varies but averages around $150.00 per disc.

Printed Reports: Printed Census publications may be ordered directly from the Census Bureau. Prices may vary depending on the publication.

Maps: Maps of Alaska will be available from the Census Bureau. There are 740 county/block map sheets and 172 tract/BNA map sheets. The cost will be $5.00 per map sheet.

The above items are available from:

Census Bureau
Customer Services Division
Washington, D.C. 20233

Diskettes: The ASDC can download data from census tape to PC diskettes (please specify high or low density) for all geographic areas of the state. The ASDC will also be preparing special data extractions based on our data survey results. Contact our office for further information. There is no cost for this service.

Further information on the date of release, the subject or geographic areas, and the format of any census data may be obtained by contacting:

Timeline of 1990 Census Products

April 1, 1991	Apportionment Population Counts to the Governor and State Legislature
1991	Computer Tapes of 100% Data (STF 1)* CD-ROM** of 100% Data (STF 1) ASDC Generated Census Maps
1991-1992	Printed Reports of 100% Data: Summary Population and Housing Characteristics Population and Housing Unit Counts General Population Characteristics General Housing Characteristics General Population Characteristic for American Indian and Alaska Native Areas General Housing Characteristics for American Indian and Alaska Native Areas
1992-1993	Computer Tapes of Sample Data (STF 3) CD-ROM of Sample Data (STF 3) Printed Reports of Sample Data: Summary Social, Economic, and Housing Characteristics Population and Housing Characteristics for Census Tracts and Block Numbering Areas
1993	Printed Subject Reports Social and Economic Characteristics Detailed Housing Characteristics Population Subject Reports Housing Subject Reports

*STF=Summary Tape File
**CD-ROM=Compact Disc-Read Only Memory

A detailed description of the above products can be found in the *1990 Census of Population and Housing Tabulation Publication Program* guide available free from the Alaska State Data Center.

Alaska State Data Center
P.O. Box 25504
Juneau, Alaska 99802-5504
Phone: 907-465-4500
Fax: 907-465-2101

Several Industries Showed Seasonal Gains in March

Brian N. Rae

March employment statistics show the beginning of the end

Table • 1

Nonagricultural Wage and Salary Employment
By Place of Work — Alaska

	p/ 3/91	r/ 2/91	3/90	Changes from: 2/91	3/90
Total Nonag. Wage & Salary	230,300	227,400	225,600	2,900	4,700
Goods-producing	34,800	33,100	33,200	1,700	1,600
Mining	11,400	11,300	10,400	100	1,000
Construction	8,400	7,900	8,200	500	200
Manufacturing	15,000	13,900	14,600	1,100	400
Durable Goods	3,100	2,800	3,300	300	-200
Lumber & Wood Products	2,400	2,100	2,600	300	-200
Nondurable Goods	11,900	11,100	11,300	800	600
Seafood Processing	8,100	7,300	7,700	800	400
Pulp Mills	900	900	900	0	0
Service-producing	195,500	194,300	192,400	1,200	3,100
Transportation	19,500	19,300	18,800	200	700
Trucking & Warehousing	2,400	2,300	2,500	100	-100
Water Transportation	1,200	1,100	1,100	100	100
Air Transportation	6,200	6,200	6,100	0	100
Communications	3,400	3,400	3,200	0	200
Trade	44,300	43,600	43,100	700	1,200
Wholesale Trade	8,000	7,800	7,700	200	300
Retail Trade	36,300	35,800	35,400	500	900
Gen. Merch. & Apparel	5,600	5,700	5,300	-100	300
Food Stores	6,500	6,400	6,200	100	300
Eating & Drinking Places	12,300	11,900	12,300	400	0
Finance-Ins. & Real Estate	10,200	10,200	10,100	0	100
Services & Misc.	50,100	49,700	48,600	400	1,500
Hotels & Lodging Places	4,700	4,500	4,500	200	200
Government	71,400	71,500	71,800	-100	-400
Federal	17,900	17,800	18,500	100	-600
State	21,700	21,800	21,800	-100	-100
Local	31,800	31,900	31,500	-100	300

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990
p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

of Alaska's winter shutdown, with employment creeping up and the unemployment rate falling slightly. (See Tables 1 and 4.) Like springtime, the state's economic reawakening is always welcomed. The economy may not be in full bloom yet, but there are signs of new life.

Certain industries normally lead the economy out of its winter doldrums, and that held true again in 1991. Manufacturing companies showed the largest employment gains. Seafood processing employment increased by 800, while logging and sawmill operations saw employment increase by 300. These two industries accounted for nearly 40% of the total monthly employment gains of 2,900. Two other seasonal industries posted significant employment gains: hotels and motels were up by 200; eating and drinking establishments were up by 400. All of these industries should show even stronger growth for the next several months.

Not all industries created these employment gains. Government employment at both the state and local levels fell by 100 over the month. A gain of 100 in federal employment helped counteract some of this decline, but overall government was down 100 since February and down 400 when compared to March of last year.

National, International Events Affect State's Economy

In March, the war in the Persian Gulf ended. With the decline in hostilities came lower oil prices. The state's treasury benefitted from the higher prices brought on by the war; but some of those gains disappeared with lower prices. World metals prices, already low before the war, continue to be weak. Prices may not have changed any plans for development or closed any mines. There are, however, concerns that continued depressed prices could affect the industry in the future.

Rumors of shifting tourism markets became reality in March. The initial effect on the state was negative, as international airlines continued to cancel their Alaska stopovers. Decreased traffic to Europe caused some cancellations. In March, travelers were still concerned about terrorist threats abroad. British Airway's promotional "free fly" day indicates the lengths to which carriers will go to maintain their overseas routes.

Other airlines abandoned Anchorage as a stopover because of new flight schedules. To accommodate more U.S. bound flights at Tokyo's Narita Airport, several European airlines have been rescheduled. Many European airlines used to leave Tokyo and stop over in Anchorage. The stop allowed for refueling, and lengthened flight times so the planes arrived in Europe at a convenient time. This new schedule, combined with the opening of Soviet air space, allows them to fly directly to Europe and arrive at a convenient hour.

The loss of international flights will have an effect on parts of the Anchorage economy, but one thing remains certain — a lot of tourists will continue to come to Alaska. The list of cruise ships visiting the state lengthened this summer, many transferred from runs in the Mediterranean. Anchorage hotels may be at the saturation point, but other Alaska businesses will welcome any additional tourists they can get this summer.

State's Regions Behaved In Different Ways

Like the changing of the season, the state's economic reawakening occurs at different times in different regions of the state. In March, some areas of the state were still in an economic deep freeze, while others were beginning to thaw. (See Figure 1.)

The Gulf Coast region led the state in over-the-month employment gains, up by over 4%. This translates into gains of 850 in the region, with 450 in seafood processing. (See Table 2.) The rest of the gains were predominantly in the service-producing industries.

This is the second fishing season since the Exxon Valdez oil spill closed much of the area in 1989. Last year, seafood employment rose sharply. Whether last year's employment was affected by the oil spill is hard to judge. For that reason, both economic recovery after the spill and real economic growth could account for a 4% increase over last years level in seafood processing employment.

The rest of the year is uncertain for the industry. Three of the five major processors in Cordova are

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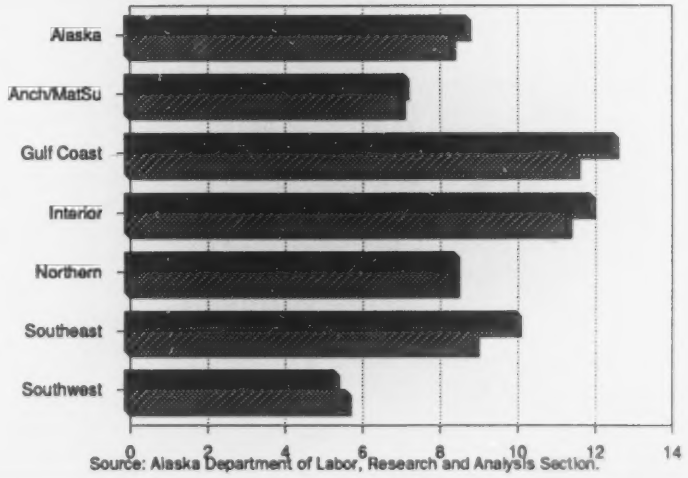
Figure • 1

Unemployment Rate Change
February to March, 1991



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/ 3/91	r/ 2/91	Changes from: 3/90	2/91	3/90
Total Nonag. Wage & Salary	110,450	109,450	107,550	1,000	2,900
Goods-producing	10,900	10,500	10,500	400	400
Mining	4,050	4,000	3,950	50	100
Construction	4,800	4,500	4,600	300	200
Manufacturing	2,050	2,000	1,950	50	100
Service-producing	99,550	98,950	97,050	600	2,500
Transportation	10,850	10,700	10,400	150	450
Trucking & Warehousing	1,450	1,350	1,500	100	-50
Water Transportation	300	300	250	0	50
Air Transportation	4,000	3,950	3,950	50	50
Communications	2,050	2,050	1,850	0	200
Trade	25,550	25,400	25,000	150	550
Wholesale Trade	5,900	5,800	5,650	100	250
Retail Trade	19,650	19,600	19,350	50	300
Gen. Merch. & Apparel	2,800	2,850	2,850	-50	-50
Food Stores	3,300	3,250	3,000	50	300
Eating & Drinking Places	7,450	7,400	7,400	50	50
Finance-Ins. & Real Estate	6,450	6,450	6,450	0	0
Services & Misc.	29,300	29,100	28,150	200	1,150
Hotels & Lodging Places	2,400	2,400	2,350	0	50
Government	27,400	27,300	27,050	100	350
Federal	10,500	10,400	10,550	100	-50
State	8,250	8,200	7,850	50	400
Local	8,650	8,700	8,650	-50	0

Fairbanks North Star Borough

	p/ 3/91	r/ 2/91	Changes from: 3/90	2/91	3/90
Total Nonag. Wage & Salary	26,150	25,950	25,800	200	350
Goods-producing	1,650	1,550	1,750	100	-100
Mining	100	100	100	0	0
Construction	1,000	950	1,150	50	-150
Manufacturing	550	500	500	50	50
Service-producing	24,500	24,400	24,050	100	450
Transportation	1,800	1,800	1,750	0	50
Trucking & Warehousing	450	450	450	0	0
Air Transportation	450	450	400	0	50
Communications	300	300	300	0	0
Trade	5,550	5,500	5,400	50	150
Wholesale Trade	750	750	750	0	0
Retail Trade	4,800	4,750	4,650	50	150
Gen. Merch. & Apparel	550	550	500	0	50
Food Stores	750	750	750	0	0
Eating & Drinking Places	1,800	1,750	1,700	50	100
Finance-Ins. & Real Estate	750	750	800	0	-50
Services & Misc.	6,100	6,050	5,900	50	200
Government	10,300	10,300	10,200	0	100
Federal	2,950	2,950	3,050	0	-100
State	4,450	4,450	4,400	0	50
Local	2,900	2,900	2,750	0	150

Anchorage-MatSu Region

	p/ 3/91	r/ 2/91	Changes from: 3/90	2/91	3/90
Total Nonag. Wage & Salary	117,750	116,850	114,550	900	3,200
Goods-producing	11,500	11,050	10,850	450	650
Mining	4,250	4,150	4,000	100	250
Construction	5,100	4,800	4,800	300	300
Manufacturing	2,150	2,100	2,050	50	100
Service-producing	106,250	105,800	103,700	450	2,550
Transportation	11,500	11,350	11,100	150	400
Trade	27,300	27,150	26,700	150	600
Finance-Ins. & Real Estate	6,950	6,900	6,900	50	50
Services & Misc.	30,600	30,550	29,400	50	1,200
Government	29,900	29,850	29,600	50	300
Federal	10,550	10,450	10,750	100	-200
State	9,000	9,000	8,650	0	350
Local	10,350	10,400	10,200	-50	150

Interior Region

	p/ 3/91	r/ 2/91	Changes from: 3/90	2/91	3/90
Total Nonag. Wage & Salary	29,700	29,550	29,500	150	200
Goods-producing	1,850	1,800	1,950	50	-100
Mining	250	250	250	0	0
Construction	1,050	1,000	1,200	50	-150
Manufacturing	550	550	500	0	50
Service-producing	27,850	27,750	27,550	100	300
Transportation	2,000	2,000	1,950	0	50
Trade	5,900	5,850	5,700	50	200
Finance-Ins. & Real Estate	850	850	850	0	0
Services	6,550	6,550	6,400	0	150
Government	12,550	12,500	12,650	50	-100
Federal	3,550	3,500	3,650	50	-100
State	4,650	4,650	4,700	0	-50
Local	4,350	4,350	4,300	0	50

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 3/91	r/ 2/91	Changes from: 3/90	2/91	3/90
Total Nonag. Wage & Salary	31,250	30,600	31,300	650	-50
Goods-producing	5,200	4,750	5,400	450	-200
Mining	350	350	300	0	50
Construction	950	850	850	100	100
Manufacturing	3,900	3,550	4,250	350	-350
Durable Goods	2,050	1,800	2,400	250	-350
Lumber & Wood Products	2,000	1,750	2,300	250	-300
Nondurable Goods	1,850	1,750	1,850	100	0
Seafood Processing	800	650	800	150	0
Pulp Mills	900	900	850	0	50
Service-producing	26,050	25,850	25,900	200	150
Transportation	2,350	2,300	2,300	50	50
Trade	5,050	5,000	5,000	50	50
Wholesale Trade	550	550	600	0	-50
Retail Trade	4,500	4,450	4,400	50	100
Finance-Ins. & Real Estate	1,100	1,100	1,000	0	100
Services & Misc.	5,200	5,100	5,200	100	0
Government	12,350	12,350	12,400	0	-50
Federal	1,950	1,950	1,950	0	0
State	5,550	5,550	5,650	0	-100
Local	4,850	4,850	4,800	0	50

Gulf Coast Region

	p/ 3/91	r/ 2/91	Changes from: 3/90	2/91	3/90
Total Nonag. Wage & Salary	21,900	21,050	21,750	850	150
Goods-producing	5,450	4,950	5,350	500	100
Mining	1,100	1,100	1,100	0	0
Construction	750	700	850	50	-100
Manufacturing	3,600	3,150	3,400	450	200
Seafood Processing	2,650	2,200	2,550	450	100
Service-producing	16,450	16,100	16,400	350	50
Transportation	1,900	1,800	1,850	100	50
Trade	3,650	3,500	3,600	150	50
Wholesale Trade	450	400	500	50	-50
Retail Trade	3,200	3,100	3,100	100	100
Finance-Ins. & Real Estate	600	600	550	0	50
Services & Misc.	4,400	4,300	4,100	100	300
Government	5,900	5,900	6,300	0	-400
Federal	450	450	550	0	-100
State	1,800	1,800	1,950	0	-150
Local	3,650	3,650	3,800	0	-150

Northern Region

	p/ 3/91	r/ 2/91	Changes from: 3/90	2/91	3/90
Total Nonag. Wage & Salary	14,100	14,000	13,450	100	650
Goods-producing	5,650	5,650	5,100	0	550
Mining	5,300	5,300	4,700	0	600
Service-producing	8,450	8,350	8,350	100	100
Government	4,500	4,500	4,450	0	50
Federal	250	250	300	0	-50
State	350	350	350	0	0
Local	3,900	3,900	3,800	0	100

Southwest Region

	p/ 3/91	r/ 2/91	Changes from: 3/90	2/91	3/90
Total Nonag. Wage & Salary	15,200	15,100	14,950	100	250
Goods-producing	4,750	4,550	4,500	200	250
Seafood Processing	4,500	4,300	4,250	200	250
Service-producing	10,450	10,550	10,450	-100	0
Government	6,250	6,250	6,350	0	-100
Federal	1,250	1,250	1,300	0	-50
State	550	550	500	0	50
Local	4,450	4,450	4,550	0	-100

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

owned by companies now under Chapter 11 bankruptcy protection. The city's economy will feel the closure of any of these facilities. The closure of several could seriously damage the Cordova economy.

From another part of the region came some more bad news. Chevron announced that its Nikiski refinery would be closing in June. The company will lay off or transfer 20 workers, and five to six contract workers will be left without work when the plant closes.

Not all the news is bad; the Gulf Coast should see a stronger economy over the next few months than it did last year. Still, other industries in the Gulf Coast posted employment declines over the last 12 months. Losses in government employment more than countered seafood's gains. These losses, combined with only small increases in other industries, helped account for the region's low over-the-year growth rate of less than 1%.

Southeast Employment Lags While Northern Region Grows

Only Southeast Alaska posted a worse over-the-year performance than the Gulf Coast, losing ground compared to 1990. The region's manufacturing industries saw seasonal gains as expected, with employment up nearly 10% for the month. Even so, most of these same industries were at or below the employment levels of a year ago.

The biggest news was in the timber industry. (See related article, this issue.) The industry posted healthy over-the-year gains in February. In February 1990, however, the unusually late spring and heavy snowfalls kept loggers out of the woods and held employment down. For March 1991, lumber and wood products employment is 13% lower than in March 1990.

The public sector also saw employment declines over the year. State government employed 100 fewer employees in the region. Local government employment growth offset some of the decline, as local education employment rose in response to higher student populations in many Southeast communities.

While Southeast posted the worst over-the-year performance, the Northern region posted the best. Only federal government employment dropped, easily explained since 1990 was the year of the census. Continued work on several different North Slope projects caused a near 5% employment increase in the region during the last 12 months. The Schrader Bluff field began pumping oil in late March with four wells. The field is larger than either Milne Point or Lisburne with a total expected production of 250 million barrels. Conoco Inc., developers of the field, hope to have 16 wells on line by the end of 1991.

Anchorage Prepares for a Building Boom?

The Anchorage/MatSu region showed growth in nearly every industry both over-the-month and over-the-year. Construction employment continues to post gains, particularly in general construction. This could portend early signs of a new building boom in Anchorage.

The city surveyed construction companies that built in the municipality last year. In 1990, they constructed 328 units. In 1991, these same companies plan to build over 800 units. Mat-Su school enrollments are at an all time high, while the Anchorage school population should set a record for the 1990-91 school year. The housing market has tightened to the point that some Anchorage realtors quip there are more realtors than there are units for sale. Several large road projects and the announcement of a new F-15 squadron coming to Elmendorf Air Force Base should mean a good construction season for the region.

The problems with the air transportation industry already mentioned spill over into other sectors of the economy. Both retail trade and services lose when the international flights bypass Anchorage. Duty Free Shoppers report much lower sales as stopovers decline. Other companies which provide catering services, fuel, and maintenance also feel the pinch.

Anchorage bucks the statewide trend in one industry, state government. While state government employment is lower throughout most of the state when compared to last year, such is not the case in Anchorage. The Anchorage area has

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 3/91	r/ 2/91	3/90	p/ 3/91	r/ 2/91	3/90	p/ 3/91	r/ 2/91	3/90
Mining	$1,166.85	$1,186.87	$1,164.00	48.7	50.1	50.0	$23.96	$23.69	$23.28
Construction	964.62	970.94	1,134.24	41.1	41.6	48.0	23.47	23.34	23.63
Manufacturing	528.75	524.17	559.37	47.0	48.4	45.7	11.25	10.83	12.24
Seafood Processing	440.84	468.76	467.86	53.5	57.8	51.3	8.24	8.11	9.12
Trans., Comm. & Utilities	565.61	580.03	575.74	32.6	33.9	34.6	17.35	17.11	16.64
Trade	357.50	350.75	347.60	32.5	31.8	31.6	11.00	11.03	11.00
Wholesale	587.66	582.74	575.14	40.5	40.3	38.6	14.51	14.46	14.90
Retail	308.92	303.71	299.50	30.8	30.1	30.1	10.03	10.09	9.95
Finance-Ins. & R.E	409.85	391.55	415.35	35.0	33.9	35.5	11.71	11.55	11.70

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

seen an increase of 400 state jobs over the year, while overall state employment has dropped by 100. The University saw the greatest rate of growth, with employment up 6.5% over the year. The greatest number of jobs were added in noneducational state employment, however, where 250 new employees were added since March of last year. Gains were divided between the University of Anchorage and other state agencies.

Summary

March employment data shows the Alaska economy beginning its normal springtime climb. Most of the increased activity occurred in manufacturing, lead by seafood processing and timber. Construction also posted substantial gains. In the next few months, more industries should show gains as other seasonal boosts like tourism affect the economy.

Table • 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 3/91	r/ 2/91	3/90	p/ 3/91	r/ 2/91	3/90	p/ 3/91	r/ 2/91	3/90	p/ 3/91	r/ 2/91	3/90
Alaska Statewide	252,401	250,190	251,013	21,236	21,976	20,121	8.4	8.8	8.0	231,165	228,214	230,892
Anch.-MatSu Region	133,377	132,527	131,014	9,442	9,505	8,662	7.1	7.2	6.6	123,935	123,022	122,352
Municipality of Anchorage	117,697	116,485	115,836	7,333	7,218	6,556	6.2	6.2	5.7	110,364	109,267	109,280
MatSu Borough	15,680	16,042	15,178	2,109	2,287	2,106	13.5	14.3	13.9	13,571	13,755	13,072
Gulf Coast Region	28,407	27,567	28,970	3,292	3,460	3,495	11.6	12.6	12.1	25,115	24,107	25,475
Kenai Peninsula Borough	17,830	17,355	18,022	2,441	2,584	2,413	13.7	14.9	13.4	15,389	14,771	15,609
Kodiak Island Borough	6,121	5,931	6,286	257	303	338	4.2	5.1	5.4	5,864	5,628	5,948
Valdez-Cordova	4,456	4,281	4,662	594	573	744	13.3	13.4	16.0	3,862	3,708	3,918
Interior Region	34,747	34,726	34,910	3,969	4,184	3,727	11.4	12.0	10.7	30,778	30,542	31,183
Fairbanks North Star Bor.	29,949	29,899	29,927	3,262	3,416	2,889	10.9	11.4	9.7	26,687	26,483	27,038
Southeast Fairbanks	1,999	2,031	2,077	294	339	349	14.7	16.7	16.8	1,705	1,692	1,728
Yukon-Koyukuk	2,799	2,796	2,906	413	429	489	14.8	15.3	16.8	2,386	2,367	2,417
Northern Region	8,208	8,159	8,043	695	691	692	8.5	8.5	8.6	7,513	7,468	7,351
Nome	3,038	3,025	2,984	290	294	295	9.5	9.7	9.9	2,748	2,731	2,689
North Slope Borough	2,971	2,954	2,887	129	129	107	4.3	4.4	3.7	2,842	2,825	2,780
Northwest Arctic Borough	2,199	2,180	2,172	276	268	290	12.6	12.3	13.4	1,923	1,912	1,882
Southeast Region	34,468	34,154	34,855	3,090	3,433	2,827	9.0	10.1	8.1	31,378	30,721	32,028
Haines Borough	832	837	848	86	107	86	10.3	12.8	10.1	746	730	762
Juneau Borough	15,105	14,873	15,267	915	981	784	6.1	6.6	5.1	14,190	13,892	14,483
Ketchikan Gateway Bor.	6,490	6,509	6,589	675	816	654	10.4	12.5	9.9	5,815	5,693	5,935
Pr. of Wales-Outer Ketch.	2,657	2,641	2,716	343	375	354	12.9	14.2	13.0	2,314	2,266	2,362
Sitka Borough	3,964	3,924	4,020	268	305	247	6.8	7.8	6.1	3,696	3,619	3,773
Skagway-Yakutat-Angoon	1,819	1,793	1,791	374	378	316	20.6	21.1	17.6	1,445	1,415	1,475
Wrangell-Petersburg	3,601	3,577	3,624	429	471	386	11.9	13.2	10.7	3,172	3,106	3,238
Southwest Region	13,194	13,057	13,221	748	703	718	5.7	5.4	5.4	12,446	12,354	12,503
Aleutians East Borough	916	909	928	5	5	13	0.5	0.6	1.4	911	904	915
Aleutians West	2,575	2,557	2,602	23	23	38	0.9	0.9	1.5	2,552	2,534	2,564
Bethel	5,079	5,030	5,026	361	347	287	7.1	6.9	5.7	4,718	4,683	4,739
Bristol Bay Borough	523	519	517	42	41	34	8.0	7.9	6.6	481	478	483
Dillingham	2,390	2,369	2,422	136	132	158	5.7	5.6	6.5	2,254	2,237	2,264
Wade Hampton	1,711	1,673	1,726	181	155	188	10.6	9.3	10.9	1,530	1,518	1,538

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions

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